



DOST STEELS LIMITED

QUARTERLY REPORT
SEPTEMBER 30, 2015



The Next Generation Steel

CONTENTS

COMPANY INFORMATION

DIRECTORS' REVIEW

FINANCIAL STATEMENTS OF DOST STEELS LIMITED

BALANCE SHEET

PROFIT AND LOSS ACCOUNT

STATEMENT OF COMPREHENSIVE INCOME

CASH FLOW STATEMENT

STATEMENT OF CHANGES IN EQUITY

NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED)



DOST STEELS LIMITED

Directors' Review

It is our pleasure to present the un-audited financial statements of the Company for the three months period ended September 30, 2015

General Review

We are pleased inform our stakeholders that the syndicate's restructuring is in its final stages and we hope to close all major heads before the end of the ongoing quarter. All major plans presented to our lenders have been agreed upon and the management is seeking a formal close to gear the company towards production. We are able to hot commission the plant in a very short time span, as we now have a Turkish company onboard for ensuring production and quality control.

The Board of Directors of Dost Steels Ltd are confident that once the aforementioned matters are cleared, commercial operations should commence once the final approvals are through and implemented, as the entire team is fully engaged and prepared to tackle all current and future challenges.

Performance Highlights

	<u>September 2015</u>	<u>September 2014</u>
Profit before Tax	(2,786,492.00)	(2,050,515.00)
Profit after Tax	(2,786,492.00)	(2,050,515.00)
EPS	(0.04)	(0.03)

Future outlook

With the start of commercial production, Dost Steels Limited will be counted among very few grade compliant rebar producers in Pakistan. The emerging development projects of public and private sectors will provide enormous room of opportunity to the Company. It is also worth mentioning here that the new and emerging construction trends in the Country have become quality compliant and the graded rebar will be the future of the Country. Therefore your Company will be able to capture replacement market as well as new market in this era of development of the country. Dost Steels Limited will be fully capable of producing ASTM, BS and EURO standards compliant rebar.

Acknowledgement

The Board of Directors would like to express their appreciation for the assistance and co-operation received from the banks, Government authorities, vendors and above all, the shareholders of the Company for placing trust on their Company and also wish to place on record their deep sense of appreciation for the committed services by the executives and staff of the company.

For and on behalf of the Board of Directors

Jamal Iftakhar
Chief Executive Officer

Karachi: October 26, 2015

COMPANY INFORMATION

Board of Directors

Mr. Jamal Iftakhar	Chief Executive Officer
Mr. Zahid Iftakhar	Director
Mr. Faisal Zahid	Director
Mr. Bilal Jamal	Director
Mr. Saad Zahid	Director
Mr. Mustafa Jamal	Director
Mr. Afzal Shehzad	Director

Audit Committee

Mr. Faisal Zahid	Chairman of Committee
Mr. Bilal Jamal	Member
Mr. Saad Zahid	Member
Mr. Zahid Iftakhar	Company Secretary

Chief Financial Officer

Mr. Sajid Ahmed Ashrafi

Company Secretary

Mr. Zahid Iftakhar

Bankers

Faysal Bank Limited
National Bank of Pakistan
Askari Commercial Bank Limited
NIB Bank Limited
Bank of Khyber
Pak Kuwait Investment Co. (Pvt) Ltd
Faysal Bank Limited (RBS)
Saudi Pak Industrial & Agricultural
Investment Co. Ltd.
United Bank Limited

Auditors

Haroon Zakaria & Company
Chartered Accountants

Legal Advisor

Mr. Zahoor Shah
Advocate High Court
Suit # 509, 5th Floor,
Panorama Centre No. 2,
Raja Ghazanfar Ali Road
Saddar, Karachi

Shares Registrar

M/s. Your Secretary (Pvt.) Ltd.,
Suit no. 1020, 10th Floor,
Uni Plaza, I. I. Chundrigar Road,
Karachi-74200.
Ph: 92 021-32428842, 32416957
Fax: 92 021-32427790
E mail: ysecr@hotmail.com

Registered/Head Office

101 Chapal Plaza,
Hasrat Mohani Road,
Karachi – 74000
Ph # 021-32419820

Mills

Bhai Pheru, 52 Km Lahore
Multan Road

Web Presence

www.doststeels.com

DOST STEELS LIMITED
INTERIM CONDENSED BALANCE SHEET
AS AT SEPTEMBER 30, 2015

	Note	(Un-Audited) September 2015 Rupees	(Audited) June 2015 Rupees
<u>ASSETS</u>			
Non-Current Assets			
Property, plant and equipments	5	2,042,095,743	2,028,556,530
Long term deposits		16,416,345	16,416,345
		2,058,512,088	2,044,972,875
Current Assets			
Advances		3,755,250	3,755,250
Tax refund due from government		764,438	736,175
Other receivable		52,506	774,882
Cash and bank balances		1,709,436	66,999
		6,281,630	5,333,306
Total Assets		2,064,793,718	2,050,306,181
<u>LIABILITIES</u>			
Non-Current Liabilities			
Provision for gratuity		631,559	631,559
Long term loans		838,188,237	838,188,237
Markup Accrued on secured loans		546,235,607	546,235,608
Current Liabilities			
Current and overdue portion of long term loans		93,120,000	93,120,000
Short term borrowings		312,632,922	337,190,367
Trade and other payables		69,167,196	27,335,721
		474,920,118	457,646,088
Contingencies and Commitments	6		-
Total Liabilities		1,859,975,521	1,842,701,492
Net Assets		204,818,197	207,604,689
<u>EQUITY</u>			
Share Capital and Reserves			
Authorized Share Capital			
70,000,000 Ordinary shares of Rs. 10/- each		700,000,000	700,000,000
Issued, subscribed and paid up capital		674,645,000	674,645,000
Reserves		(469,826,803)	(467,040,311)
Total Equity		204,818,197	207,604,689

The annexed notes form an integral part of these financial statements.

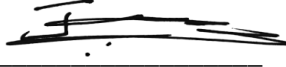

 Chief Executive


 Director

DOST STEELS LIMITED
INTERIM CONDENSED PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE PERIOD ENDED SEPTEMBER 30, 2015

	<i>September 2015 Rupees</i>	<i>September 2014 Rupees</i>
Administrative expenses	(2,804,419)	(2,076,719)
Gain on disposal	-	3,741
Other operating income	17,927	22,463
Loss before taxation	(2,786,492)	(2,050,515)
Taxation	-	-
Loss after taxation	(2,786,492)	(2,050,515)
Loss per share	(0.04)	(0.03)

The annexed notes form an integral part of these financial statements



Chief Executive



Director

DOST STEELS LIMITED
INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE PERIOD ENDED SEPTEMBER 30, 2015

	<i>September 2015 Rupees</i>	<i>September 2014 Rupees</i>
Loss for the year	(2,786,492)	(2,050,515)
Other comprehensive income	-	-
<i>Total comprehensive loss</i>	<u>(2,786,492)</u>	<u>(2,050,515)</u>

The annexed notes form an integral part of these financial statements



Chief Executive

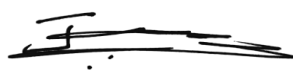


Director

DOST STEELS LIMITED
INTERIM CONDENSED CASH FLOW STATEMENT (UN-AUDITED)
FOR THE PERIOD ENDED SEPTEMBER 30, 2015

	<i>September 2015 Rupees</i>	<i>September 2014 Rupees</i>
A. CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(2,786,492)	(2,050,515)
Adjustment for:		
Gain on disposal	-	3,741
Operating loss before working capital changes	(2,786,492)	(2,054,256)
Changes in working capital:		
(Increase) / Decrease in operating assets:		
Advances	-	(150,000)
Other receivable	722,376	(22,118)
	722,376	(172,118)
Decrease in current liabilities:		
Trade and other payables	41,831,475	1,532,848
Net cash outflow after changes in working capital	42,553,851	1,360,730
Taxes paid	(28,264)	(11,085)
Long term security deposits - net	-	-
Net cash used in operating activities	39,739,095	(704,611)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Capital expenditure	(13,539,213)	130,000
Net cash used in investing activities	(13,539,213)	130,000
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from short term financing	(24,557,445)	250,000
Net cash generated from financial activities	(24,557,445)	250,000
Net decrease in cash and cash equivalents (A+B+C)	1,642,437	(324,611)
Cash and cash equivalents at beginning of the nine months period	66,999	373,956
Cash and cash equivalents at end of the nine months period	1,709,436	49,345

The annexed notes form an integral part of these financial statements



 Chief Executive

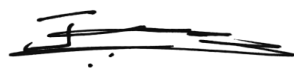


 Director

DOST STEELS LIMITED
INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE PERIOD ENDED SEPTEMBER 30, 2015

<i>Particulars</i>	<i>Share Capital</i> <i>Issued, subscribed and paid up</i>	<i>Revenue Reserve</i> <i>Accumulated loss</i>	<i>Shareholders' Equity</i>
	----- <i>Rupees</i> -----		
<i>Balance as at June 30, 2014</i>	674,645,000	(101,949,688)	572,695,312
Total comprehensive loss	-	(2,050,515)	(2,050,515)
<i>Balance as at September 30, 2014</i>	<u>674,645,000</u>	<u>(104,000,203)</u>	<u>570,644,797</u>
<i>Balance as at June 30, 2015</i>	674,645,000	(467,040,311)	207,604,689
Total comprehensive loss	-	(2,786,492)	(2,050,515)
<i>Balance as at September 30, 2015</i>	<u>674,645,000</u>	<u>(469,826,803)</u>	<u>205,554,174</u>

The annexed notes form an integral part of these financial statements



Chief Executive



Director

DOST STEELS LIMITED

***NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS - (UN-AUDITED)
FOR THE PERIOD ENDED SEPTEMBER 30, 2015***

1. LEGAL STATUS AND NATURE OF BUSINESS

Dost Steels Limited (the Company) was incorporated in Pakistan on March 19, 2004 as a private limited company under the Companies Ordinance, 1984 (The Ordinance). The Company was converted into public limited company with effect from May 20, 2006 and then listed on the Karachi Stock Exchange Limited with effect from November 26, 2007. The registered office of the Company is situated at 101, Chapel Plaza, Hasrat Mohani Road, Karachi 74000. The principal business of the Company include manufacturing of steel, direct reduced iron, sponge iron, hot briquetted iron, carbon steel, pig iron and special alloy steel in different forms.

2. BASIS OF PREPARATION

These interim condensed financial statements are unaudited and are being submitted to the shareholders in accordance with the requirements of Section 245 of the Companies Ordinance, 1984 and International Accounting Standard (IAS) 34 'Interim Financial Reporting'. These interim condensed financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the financial statements of the Company for the year ended June 30, 2015.

These condensed interim financial statements have been presented in Pak Rupees, which is the functional currency of the Company.

3. ACCOUNTING POLICIES

The accounting policies and methods of computation followed in the preparation of the quarterly statements are the same as those of the published annual financial statements for the year ended June 30, 2015.

4 ESTIMATES

The preparation of condensed interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. The significant judgments made by the management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements for the year ended June 30, 2015.

5 PROPERTY, PLANT AND EQUIPMENTS

	Note	September 30, 2015 Rupees	June 30, 2015 Rupees
Operating assets	5.1	164,682,561	164,682,561
Capital work-in-progress	5.2	1,877,413,182	1,863,873,969
		<u>2,042,095,743</u>	<u>2,028,556,530</u>

5.1 OPERATING ASSETS

Particulars	OWNED						Total
	Freehold land	Furniture & fittings	Electric Equipments	Computers equipments	Office equipments	Vehicles	
----- Rupees -----							
Year ended September 30, 2015							
Opening net book value	157,876,220	1,848,943	2,636,490	807,448	57,191	1,456,269	164,682,561
Additions	-	-	-	-	-	-	-
Revaluation	-	-	-	-	-	-	-
Disposal	-	-	-	-	-	-	-
Net book value as at Sep 30, 2015	157,876,220	1,848,943	2,636,490	807,448	57,191	1,456,269	164,682,561
As at Sep 30, 2015							
Cost	157,876,220	2,855,829	4,057,310	2,341,448	117,252	3,939,035	171,187,094
Accumulated depreciation	-	1,006,886	1,420,820	1,534,000	60,061	2,482,766	6,504,533
	157,876,220	1,848,943	2,636,490	807,448	57,191	1,456,269	164,682,561
Year ended June 30, 2015							
Opening net book value	157,876,220	1,848,943	2,636,490	807,448	57,191	1,582,528	164,808,820
Additions	-	-	-	-	-	-	-
Revaluation	-	-	-	-	-	-	-
Disposal	-	-	-	-	-	(126,259)	(126,259)
Net book value as at June 30, 2015	157,876,220	1,848,943	2,636,490	807,448	57,191	1,708,787	164,935,079
As at June 30, 2015							
Cost	157,876,220	2,855,829	4,057,310	2,341,448	117,252	3,939,035	171,187,094
Accumulated depreciation	-	1,006,886	1,420,820	1,534,000	60,061	2,482,766	6,504,533
	157,876,220	1,848,943	2,636,490	807,448	57,191	1,456,269	164,682,561
Rate of Depreciation	-	15%	15%	30%	15%	20%	

<i>(Un-Audited)</i>	<i>(Audited)</i>
<i>September 30,</i>	<i>June 30,</i>
<i>2015</i>	<i>2015</i>
<i>Rupees</i>	<i>Rupees</i>

5.2 CAPITAL WORK-IN-PROGRESS

Land development	13,212,712	13,212,712
Civil works	207,713,362	207,083,362
Plant and machinery	1,232,051,632	1,219,142,419
Unallocated borrowing costs	424,435,476	424,435,476
	<u>1,877,413,182</u>	<u>1,863,873,969</u>

6 CONTINGENCIES AND COMMITMENTS

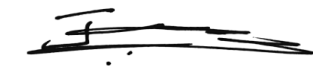
The contingent liabilities are the same as disclosed in the published annual financial statements for the year ended June 30, 2015.

7 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on 26th October, 2015 by the Board of Directors of the Company

8 GENERAL

Figures in the financial statements have been rounded-off to the nearest rupee.



Chief Executive



Director